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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05//08

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)

Polls and surveys:

- 4) Fukuda Cabinet support rate reaches a new low of 20 PERCENT in Asahi poll (Asahi)
- 5) Cabinet support rate plummets to 21 PERCENT in Nikkei poll, reflecting public's pique over gasoline price hike, flawed medical system for seniors (Nikkei)
- 6) In survey of major companies, 47 PERCENT see recession coming by the end of the year (Mainichi)
- 7) Surprising 40 PERCENT of major companies favor restrictions on foreign capital, survey shows (Mainichi)

China relations:

- 8) Prime Minister Fukuda considering attending the opening ceremony of the Beijing Olympics (Yomiuri)
- 9) Japan and China to issue joint declaration of global warming countermeasures that are sector specific (Mainichi)
- 10) Finance ministers of ASEAN, Japan, China, South Korea to discuss ways to control inflation, as food and oil prices soar (Nikkei)

Defense affairs:

- 11) Japanese employed as dental technicians at Yokota Air Base made to carry out X-rays of patients despite a lack of a license (Tokyo Shimbun)

12) Thirty-year old dental employee at Yokota explains that she carried out unlicensed X-ray work with anxiety when ordered to do so (Tokyo Shimbun)

Political agenda:

13) Upper House LDP, faced with serious public backlash, proposes altering the senior medical service system to exempt low income people from paying fees (Mainichi)

14) Lawmaker Hiranuma being wooed by both the LDP, DPJ to join the party (Yomiuri)

15) Former Defense Minister Koike organizes policy group of female lawmakers, motivated perhaps by a drive to succeed Fukuda as premier (Mainichi)

Articles:

1) TOP HEADLINES

Asahi:

Poll: Cabinet approval rating sets new record low of 20 PERCENT

Mainichi:

Japan, China to map out joint statement on climate change

Yomiuri:

Access to child pornography websites will be blocked, according to the ruling bloc's proposal to amend the Law Banning Child Prostitution and Child Pornography (Article in the English edition, The Daily Yomiuri)

Nikkei:

Canon to construct a state-of-art factory in U.S. for production of toner cartridge

TOKYO 00001200 002 OF 011

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05//08

Sankei:

Survey of major 135 companies: Moves for hiking prices spreading across the country

Tokyo Shimbun:

Growing concern about ending long hospitalization of patients receiving treatment of stroke or patients with dementia with introduction of the medical service for the elderly

Akahata:

79th May Day events held in 357 locations across the country; Time to open way for new politics

2) EDITORIALS

Asahi:

(1) Rising prices: Japan now suffers both inflation and deflation  
(2) 100th anniversary of emigration into Brazil: Let's support Japanese-Brazilians who try to realize their dreams in Japan

Mainichi:

(1) Police investigation based on assumed guilt never successful  
(2) Reform of public works projects: Citizens' participation in mapping out road construction projects necessary

Yomiuri:

(1) FRB cuts interest rates: Difficult monetary policy likely to continue for a while  
(2) "La Folle Journee au Japon" of one million people takes root in Japan

Nikkei:

(1) U.S. monetary policy now at difficult stage  
(2) What we want to convey to President Hu when he is visiting Japan

Sankei:

(1) Osaka Gov. Hashimoto needs to show ways for financial reconstruction of prefectural government, not afraid of making waves

(2) Hydrogen sulfide suicides: People living nearby also suffer hydrogen sulfide gas

Tokyo Shimbun:

(1) Medical system for elderly: Consideration needed for low-income class

(2) Increase in female managers: Best use of women's enthusiasm by appointing them to higher positions

Akahata:

(1) Ruling parties responsible for reinstated gasoline tax that hits people's lives

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, May 1

NIKKEI (Page 2) (Full)  
May 2, 2008

10:00

TOKYO 00001200 003 OF 011

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05//08

Met advisor Ito at the Kantei.

11:01

Met Fukuoka Governor Aso, chair of the Association of Prefectural Governors, and representatives of six local organizations, followed by LDP Security Research Commission Chairman Nakatani, Lower House member Yasukazu Hamada and others. Afterward met former Secretary General Nakagawa.

14:27

Met Economic and Fiscal Policy Minister Ota and Assistant Deputy Chief Cabinet Secretary Saka.

15:00

Met Chinese students in Japan and others, followed by Vice-Finance Minister for International Affairs Shinohara.

16:10

Met Deputy Foreign Minister Sasae, Asian and Oceanian Affairs Bureau Director-General Saiki, METI Vice Minister for International Affairs Toyoda, Resources and Energy Agency Director-General Mochizuki, and Environment Ministry Global Environment Bureau Director-General Minamikawa.

17:04

Met Special Advisor to the Cabinet Nishimura, followed by Chief Cabinet Secretary Machimura.

18:30

Met Deputy Chief Cabinet Secretary Iwaki.

19:03

Returned to his official residence.

4) Poll: Cabinet support lowest at 20 PERCENT

ASAHI (Top play) (Full)  
May 2, 2008

In the wake of the Diet approval of a government-introduced bill to reinstate gasoline surcharges with the House of Representatives' second vote, the Asahi Shimbun conducted a telephone-based nationwide spot public opinion survey from the evening of Apr. 30 through the evening of May 1. In the survey, respondents were asked if they supported the reinstatement of gasoline surcharges. To this question, 22 PERCENT answered "yes," with 66 PERCENT saying "no." The approval rating for Prime Minister Fukuda's cabinet was 20 PERCENT, down further from its all-time low of 25 PERCENT in the last survey taken Apr. 19-20. The disapproval rating was 59 PERCENT (60 PERCENT in the last survey).

In the breakdown of public support for political parties, the ruling Liberal Democratic Party stood at 24 PERCENT (26 PERCENT in the last survey), with the leading opposition Democratic Party of Japan (Minshuto) at 28 PERCENT (22 PERCENT in the last survey). As seen from these results, the DPJ topped the LDP. The DPJ last outstripped the LDP in August last year when the Abe cabinet was in office. In the survey, respondents were asked which political party they would vote for in their proportional representation blocs if an election were to be held now for the House of Representatives. In response to this question, 39 PERCENT opted for the DPJ, with 22 PERCENT choosing the DPJ. In February this year, the DPJ was at 32 PERCENT ,

TOKYO 00001200 004 OF 011

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05//08

with the LDP at 30 PERCENT . This time around, the DPJ gained more support from women.

The LDP and its coalition partner, New Komeito, took a second vote in the House of Representatives to pass the gas surcharge bill through a concurring vote of two-thirds. In the survey, respondents were asked if they thought this was appropriate, apart from whether they support it or not. To this question, "yes" accounted for 29 PERCENT , with "no" at 54 PERCENT .

The government and ruling parties are going to take another second vote in the lower chamber to pass a bill intended to use gasoline taxes for road construction and other road-related infrastructure projects. Asked about this, negative opinions outnumbered affirmative ones, with 28 PERCENT answering "yes" and 59 PERCENT saying "no." Meanwhile, 67 PERCENT favored the idea of incorporating road-related tax revenues into the state's general account budget, with 22 PERCENT negative. As seen from these figures, the idea is generally supported.

Meanwhile, the DPJ is now looking into the possibility of submitting a censure motion against Fukuda in the House of Councillors. In the survey, respondents were asked if they supported this DPJ stance. To this question, 42 PERCENT answered "yes," with 40 PERCENT saying "no." When asked what Fukuda should do if the motion is passed, 60 PERCENT said he should dissolve the House of Representatives for a general election, with 25 PERCENT saying he will not have to resign or dissolve the lower chamber and 9 PERCENT insisting that he should resign.

5) Poll: Cabinet support rate nosedives to 21 PERCENT

NIKKEI (Page 2) (Abridged)  
May 2, 2008

The Nikkei conducted a spot public opinion survey on Apr. 30 and May 1 and found that the rate of public support for Prime Minister Yasuo Fukuda and his cabinet had dropped 8 percentage points from the last survey in mid-April to hit an all-time low of 21 PERCENT . The nonsupport rate for the Fukuda cabinet rose 9 points and reached its all-time high of 68 PERCENT . This can be taken as reflecting (public attitudes toward) the reinstatement of gasoline surcharges and the introduction in April of a new medical fee system for the elderly. Meanwhile, support for the ruling Liberal Democratic Party stood at 33 PERCENT , with the leading opposition Democratic Party of Japan (Minshuto) scoring 36 PERCENT . The DPJ has outstripped the LDP for the first time in eight years.

In the last survey, the Fukuda cabinet's support rate fell below 30 PERCENT for the first time (in the Nikkei series). The Abe and Koizumi cabinets never fell below 25 PERCENT . The Fukuda cabinet's support rate is closing in on the 16 PERCENT rating the Mori cabinet had at its last stage. Fukuda will inevitably face difficulties in managing his administration.

In the breakdown of public support for political parties, the LDP dropped 5 points from the last survey, with the DPJ up 7 points. The DPJ last topped the LDP in August last year (when Shinzo Abe was prime minister), but this is the first time for the Fukuda cabinet to see the DPJ outstrip the LDP. The LDP's downfall in public support jacked up the rating for the DPJ as an alternative for those critical of the LDP.

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05//08

The survey was taken by Nikkei Research Inc. by telephone on a random digit dialing (RDD) basis. For the survey, samples were chosen from among men and women aged 20 and over across the nation. A total of 1,329 households with one or more eligible voters were sampled, and answers were obtained from 711 persons (53.5 PERCENT ).

6) Poll: "The economy will enter into a recession before year's end," say 47 PERCENT of surveyed leading companies; Business sentiment plummeting since December last year

MAINICHI (Page 1) (Full)  
May 2, 2008

A survey of leading companies carried out by the Mainichi Shimbun has found that the firms are taking a harsh view of the future of the Japanese economy. Asked about the present state of the economy, 22 PERCENT replied that the economy was declining slowly, while 2 PERCENT noted that the economy was worsening. Approximately 25 PERCENT of surveyed companies had the perception that the economy was declining. The portion of companies that see the economy entering into a recession before year's end reached 47 PERCENT , indicating a situation in which concern about the future of the Japanese economy was mounting due to the slowdown of the U.S. economy and soaring crude oil prices.

Queried about the present state of the economy, 72 PERCENT of the firms said that the economy was leveling off. Those that replied that the economy was recovering, albeit slowly, plummeted to 3 PERCENT from the highest level of 58 PERCENT recorded in the previous survey carried out last December. Business sentiment has thus significantly deteriorated in a short period of time.

The poll was carried out in mid-April targeting 121 companies, mainly listed on the stock exchange, and obtained replies from 119 companies.

Regarding the future of the economy, 37 PERCENT replied that the economy was leveling off, followed by 31 PERCENT , which thought that the economy was recovering slowly, 29 PERCENT , which saw the economy as declining slowly, and 2 PERCENT , which expected the economy would enter into a recession.

The poll asked the 80 companies that had replied the economy was either leveling off, declining slowly or entering into a recession about the timing of the economy entering into a recession. The largest ratio of 31 PERCENT replied that it had already entered into a recession, followed by 21 PERCENT , which replied that it would enter into a recession in the first half of 2008 and 18 PERCENT , which said that it would enter into a recession in the second half of the same year. Thus, 70 PERCENT of pollees predicted that the economy would enter into a recession before the end of the year.

As the greatest causes for worry for the Japanese economy (up to three answers were allowed), the largest number -- 101 companies -- cited the future of the U.S. economy, followed by 99, which noted the sharp rise in raw material prices, 46, which cited sluggish personal consumption, and 41, which cited exchange fluctuation.

Eleven companies cited the political situation and the management of

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05//08

the administration due to the continuing unstable political situation, as can be seen in the temporary vacancy of the Bank of Japan governor's post.

7) Poll on leading companies: 40 PERCENT in favor of restricting foreign investment, while 24 PERCENT against it

MAINICHI (Page 9) (Slightly abridged)  
May 2, 2008

A poll carried out by the Mainichi Shimbun has found that leading companies are divided in their views of the government's plan to restrict foreign investment, such as a British investment fund's effort to increase its stake in J-Power. The proportion of companies in favor of restricting foreign investment for security reasons reached 40 PERCENT. However, many companies also opposed the idea, noting that such a restriction would dampen foreign companies' desire to invest in Japan. Among companies in favor of the restriction, many expressed qualified agreement.

The survey found that 40 PERCENT were in favor of restricting foreign investment, 24 PERCENT opposed the restriction, and 36 PERCENT gave other replies, such as neither supporting nor opposing it.

Among companies in favor of introducing a foreign investment restriction, Fuji Xerox noted that speculative investment by overseas investment funds could mar the stability of public works. Kirin Holdings said that restricting overseas investment is not an exceptional practice even among industrialized countries.

As a reason for opposing the restriction, NEC noted that if there are security or other reasons, companies can go on the market and that it is unfair to change the rule part way.

Many companies in favor of the restriction called for the transparency of rules and procedures.

In the meantime, regarding a question on measures to defend themselves from takeover bids, 29 PERCENT replied that they had already introduced such measures, while 18 PERCENT said that they were considering such. However, 44 PERCENT relied that they have no such plans. As reasons for that, TEPCO, for instance, noted that it is important to enhance corporate value through improvement of profitability.

8) Prime Minister Fukuda considering attending opening ceremony of Beijing Olympics

YOMIURI (Page 4) (Full)  
May 2, 2008

It was learned yesterday that the government was looking into the possibility of Prime Minister Yasuo Fukuda's attending the opening ceremony of the Beijing Olympics. Fukuda intends to make a decision on whether he will attend it after gauging the political situation in Japan after the Group of Eight summit in July in Hokkaido, as well as the Chinese government's handling of the Tibet issue.

Fukuda told the press in late April about the possibility of his attending the opening ceremony of the Beijing Olympics: "The question is whether my political schedule will allow me to do so at

TOKYO 00001200 007 OF 011

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05//08

that time." He indicated in his remark that he would consider it in a positive manner. In 1988, then Prime Minister Noboru Takeshita took part in the opening ceremony of the Seoul Olympics.

9) Japan, China to map out joint statement on climate change

MAINICHI (Top play) (Full)  
May 2, 2008

Yu Takayama

The Japanese and Chinese governments yesterday agreed to formulate a joint statement on climate change during the upcoming May 7 bilateral summit in Tokyo between Prime Minister Yasuo Fukuda and Chinese President Hu Jintao. The Chinese side will describe Japan's proposal for a "sector-selective approach" to reduce greenhouse gas

emissions by industry and by sector as an "important step" and will praise it for the first time. This will be significant support for Japan at the upcoming Group of Eight (G-8) Hokkaido Toyako Summit in July, where climate change will be high on agenda.

During the Japan-China summit, both leaders intend to work out a joint statement to advance strategic, reciprocal relations. In addition to this, it has now been revealed that they will come up with a joint statement on climate change, as well. The Chinese side will recognize the importance of a "sector-selective" approach and praise it as an "important step" for future international talks.

As steps the Chinese side will take, the joint statement will include (1) working together with other countries of the world while bearing in mind Japan's proposal to halve the world greenhouse gas emissions by 2050; (2) joining as an active participant in post-Kyoto Protocol framework talks to be applied in 2013 or beyond; and (3) appreciating Japan's assistance to developing countries, for instance, a funding mechanism on the scale of \$10 billion.

Meanwhile, the Japanese side (in the joint statement) will praise the Chinese side's efforts as seen in its national program featuring a 20 PERCENT cut in energy consumption by 2010 from the 2005 level. The joint statement will include this phrase that goes, "(Japan) is ready to help China's efforts."

China has now been exposed to international criticism for the Tibetan issue, and it has been criticized by industrialized nations as being negative about measure to prevent climate change. Japan and China intend to use the upcoming bilateral summit to put on display their positive stand on measures to prevent global warming and appease international criticism by demonstrating good bilateral ties to an international audience.

In the meantime, the Fukuda administration, whose approval ratings have been on the decline, wants to produce somehow tangible results from the Japan-China summit. Sharing these ulterior motives by both sides, the two countries have now decided to formulate a joint statement (on climate change).

The Chinese side is still opposed to Fukuda's proposal to set country-selective goals of greenhouse gas emissions cuts by giving each country each target of emission cuts. So, this point will not be mentioned in the joint statement.

TOKYO 00001200 008 OF 011

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05//08

10) ASEAN plus 3 finance ministers to discuss ways to constrain inflation, following sharp rise in crude oil, food prices

NIKKEI (Page 5) (Full)  
May 2, 2008

Finance ministers of the 10 countries of the Association of Southeast Asian Nations (ASEAN) plus Japan, China and South Korea will discuss on May 4 in Madrid, Spain, the economic situation in their region and mutual cooperation in the financial area. Agenda items will include how to constrain inflation and maintain economic growth, amid soaring crude oil and food prices and mounting pressure for price hikes across the region. Another focus of attention is whether participants can enter into specific discussions on such issues as signing a multilateral currency swap agreement and revitalizing the Asian bond market.

Finance ministers of those countries will meet on the sidelines of the annual plenary meeting of the Asian Development Bank (ADB) to be held in Madrid. Asian countries are maintaining relatively high economic growth. However, concern has risen in the region about inflation, as seen in the sharp rise in rice prices. Since people in some areas are still suffering from poverty, how to strike a balance between inflation and economic growth will come into focus, as one senior Finance Ministry official put it.

Regarding measures to deal with inflation, ADB Governor Haruhiko Kuroda pointed out: "We expect participants will agree to adopt a

tougher belt-tightening policy and tolerate the appreciation of their own currencies. However, since the appreciation of a currency will lead to a decline in export competitiveness, whether they can share that notion is unclear."

The focal point of monetary cooperation is a currency swap agreement, under which signatory countries swap foreign currencies in the event of a currency crisis. An agreement has already been reached on the direction of such an agreement at the Kyoto conference last year. Concerned countries are now undertaking coordination with the possibility of setting a total amount at 80 billion dollars. Countries that are expected to outlay foreign currencies, such as Japan, are cautious about easing a condition for invoking foreign currency swap. However, countries that will likely borrow foreign currency are seeking a user-friendly mechanism. A tug-of-war will likely occur over the ratio of contributions.

Another topic of discussion is revitalizing the Asian bond market. The focus of the meeting this time will be mapping out a road map with the aim of paving the way for an easier issuance of local currency-based bonds so that governments and companies in the region can procure funds in a stable way.

11) Japanese employees at dental unit on Yokota Air Base taking X-rays without license as part of treatment

TOKYO SHIMBUN (Page 25) (Abridged slightly)  
May 2, 2008

Several Japanese employees working at the dental department on U.S. Yokota Air Base (straddling Tokyo's Fussa and other municipalities) have been taking X-rays of patients without a license, it was learned yesterday. The Japanese employees are governed by Japanese law. A Ministry of Defense source said: "If such is true, it's

TOKYO 00001200 009 OF 011

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05//08

illegal. We would like to confirm the matter."

According to several employees, they work at a dentistry unit for U.S. servicemen, their families, and civilian employees. Some 20 Japanese employees working as dental hygienists or dental assistants have undergone X-ray photograph training since last fall. About 10 members have completed the training. Some of them have been photographing patients as part of treatment. Employees who have yet to complete the training are also said to be photographing patients, operating machines under the pretext of on the job training.

Shooting X-ray images involves the risk of being exposed to radiation. For this reason, only physicians, dentists, and radiological technicians are allowed to shoot X-ray pictures under the Radiological Technologist Law. Violators face up to one year in prison, a fine of up to 500,000 yen, or both.

Becoming a radiological technician requires the passage of a national examination to obtain a license from the health, labor and welfare minister. Completing the U.S. military training course does not mean obtaining a license. A MOD Labor Management Division official said: "The Japanese employees are subject to Japanese law. Taking X-ray photographs without a license is illegal. We are now in talks with the U.S. military on the matter, but we hear that (the Japanese employees) are (now) under training. We would like to confirm the facts."

According to a base-connected person, USFJ issued a notice dated October 29, 2007, to the Japanese employees saying: "As a result of a full examination of the matter, we have concluded that shooting X-ray images is appropriate and free from any legal problems."

The USFJ press department has told the Tokyo Shimbun: "We are aware of the circumstances, but it will take a little more time on matters that are under talks with the Japanese government."

12) Female employee in her 30s: "I wanted to refuse (taking X-rays). I am worried"



TOKYO SHIMBUN (Page 25) (Abridged slightly)  
May 2, 2008

"The U.S. military told me there is no need to worry, but I am concerned because I don't have any technical knowledge." The comment came from an anxious-looking female employee in her 30s who is actually taking X-rays without a license after undergoing training.

Her workplace is visited by a dozen or so patients daily, and X-rays are shot for about a half of them. "I wanted to refuse (taking X-rays) as much as possible, but (shooting X-rays) is unavoidable as part of my job. I need to follow orders and do so."

People operating dental X-ray equipment are said to have a lower risk of developing leukemia or cancer than those using chest X-ray machines. But concerns still remain.

Another female employee working at the unit for several years has taken X-rays of over ten people daily during her five-day training. "After completing the training, a doctor has sometimes ordered me to shoot X-rays. If any problems occurred to the bodies of patients or myself, I wonder if the Japanese government and the U.S. military would deal with them. I am worried."

TOKYO 00001200 010 OF 011

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05//08

The Japanese government is the employer of the Japanese employees working at U.S. military bases. Another female employee, a licensed dental hygienist, indicated that she had worried that (the Japanese government) might strip her of her license, but a military official in charge said to her, "Your position will be safe."

According to a person concerned, the U.S. military has been giving training to Japanese employees as well since it introduced digital X-ray equipment last year. The purpose is to facilitate dental treatment.

13) Insurance system for the elderly: Upper House LDP to propose full exemption from fees by low-income persons

MAINICHI (Page 2) (Excerpt)  
May 2, 2008

In connection with the medical system for the elderly, the Upper House Liberal Democratic Party (LDP) members (chaired by former Health and Labor Minister Hidehisa Otsuji) yesterday firmed up a policy course of compiling this month a proposed revision of the system centered on fully exempting from premium fees low income persons. They will then present the plan to the government. The members will coordinate in the direction of exempting from insurance premiums those low-income persons whose full incomes fall below the basic pension (of 66,000 yen per month per single household). Under the current system, premiums are lowered at the most to 70 PERCENT. The government, as well, is expected to give consideration to the proposal.

14) LDP, DPJ each trying to woo Hiranuma over to their party

YOMIURI (Page 4) (Full)  
May 2, 2008

The ruling Liberal Democratic Party (LDP) and main opposition Democratic Party of Japan (DPJ) have sent out positive signals to Takeo Hiranuma, former international trade and industry minister, who bolted the Liberal Democratic Party (LDP) in opposition to the government's policy of privatizing the state-run postal services, with his cooperation after the next House of Representatives election.

DPJ President Ichiro Ozawa invited Hiranuma to a Japanese restaurant in Akasaka, Tokyo, on the night of April 28, and they enjoyed singing karaoke songs there. Ozawa reportedly proposed forming a new party and called for cooperation for the DPJ. Hiranuma gave a vague reply.

On the night of April 30, LDP Secretary General Bunmei Ibuki dined with Hiranuma. The two once belonged to the former Kamei faction, now called the Ibuki faction. They seem to have exchanged views on the internal situation of the LDP.

Hiranuma explained his meeting with Ozawa: "There was nothing fishy about our discussion. I am not planning to cooperate with Mr. Ozawa." A person close to Hiranuma pointed out:

"(Hiranuma) has been regarded as supplementary force. As he held a meeting with Mr. Ozawa, he was able to have the LDP recognize his political presence with an eye on political realignment."

TOKYO 00001200 011 OF 011

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05//08

15) Former Defense Minister Koike forms policy group of female Diet members, motivated perhaps by desire for prime minister's post

MAINICHI (Page 5) (Full)  
May 2, 2008

With the Fukuda Cabinet's support rates plummeting in the polls, former Defense Minister Yuriko Koike has been boosting her political presence. Koike announced yesterday the formation of a policy group of three female House of Representatives members. She, along with former Prime Minister Junichiro Koizumi, also was involved last month in the founding of a parliamentary league on environmental issues. Speculation has been rife in the ruling Liberal Democratic Party (LDP) that she made those moves motivated by her ambition to succeed Yasuo Fukuda as the prime minister.

Koike said at a press conference held yesterday in the Diet building: "Women are Japan's largest untapped energy. I would like policy for women to be made by women." The policy group is named Tokyo Projects of and by Ladies (TPL).

The female lawmakers who showed up at the press conference were Kuniko Inoguchi, former state minister in charge of Japan's declining birthrate, and Lower House member Yukari Sato. Koike, a Lower House member, represents the Tokyo No. 10 constituency. Sato, a Lower House member elected in the Tokai proportional representation bloc, will run in the next Lower House election as a candidate for the Tokyo No. 5 constituency. Inoguchi is a Lower House member elected in the Tokyo proportional representation bloc. Therefore, the three will work together mainly in Tokyo.

When asked by the press about her name being mentioned as a candidate for the next prime minister, Koike responded: "It is a great honor, but I am now a foot soldier who is firming up my political footing for the next Lower House election."

Koike is also secretary general of the Parliamentarians' League to Achieve the Kyoto Protocol. Former Prime Minister Koizumi is honorary advisor to the league. She held a meeting on April 9 with Koizumi and Seiji Maehara, former president of the main opposition Democratic Party of Japan (DPJ), to exchange views. A senior member of the Machimura faction, to which Koike belongs, made this comment: "She has earnestly attended the weekly meetings of the faction. She has good sense, so it is safe to bet that she has taken actions with an eye on the future political situation."

DONOVAN